

Message Text

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PAGE 01 BRUSSE 03945 282053Z
ACTION TRSE-00

INFO OCT-01 EUR-12 IO-13 ISO-00 COME-00 FRB-03 ABF-01
H-01 PA-01 AID-05 CIAE-00 EB-08 INR-10 NSAE-00
USIA-06 XMB-02 OPIC-03 SP-02 LAB-04 SIL-01 OMB-01
/074 W

-----066487 010335Z /70

R 282049Z FEB 78
FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC 5185
INFO AMEMBASSY BONN
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY LONDON
AMEMBASSY LUXEMBOURG
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY THE HAGUE
USMISSION GENEVA

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GENEVA ALSO FOR MTN; PARIS ALSO FOR OECD; USEC

PASS TREASURY, FEDERAL RESERVE

E.O. 11652: N/A
TAGS: EFIN, EAID, BE
SUBJECT: INITIAL BELGIAN REACTION TO US PROPOSAL ON
IMF/IBRD STAFF SALARIES

REF: (A) STATE 43945; (B) BONN 3375

1. BLUMENTHAL MESSAGE FORWARDED FEBRUARY 21 UNDER
COVER OF A LETTER FROM THE AMBASSADOR TO IMF/IBRD
GOVERNORS DE STRYCKER AND GEENS.
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PAGE 02 BRUSSE 03945 282053Z

2. IN CONVERSATION WITH MINFINANCE INTERNATIONAL
COUNSELOR JACQUES VAN YPERSELE FEBRUARY 27, HE TOLD US
HE WILL RECOMMEND TO MINISTER GEENS THAT BELGIUM SUPPORT
PROPOSED IBRD COST-OF-LIVING INCREASES. HE IS SURE
THAT BELGIAN IMF GOVERNOR DE STRYCKER WILL VOTE THE SAME
WAY, SINCE DE STRYCKER HAS ALWAYS BEEN MORE IN FAVOR OF

IFI SALARY INCREASES THAN THE FINANCE MINISTRY.

3. VAN YPERSELE REJECTS THE US ARGUMENT FOR TWO REASONS. FIRST AND PRINCIPALLY, HE SAID, THE EUROPEANS BELIEVE THAT THE GAP IS GROWING LARGER BETWEEN SALARIES PAID IN EUROPEAN-BASED MULTILATERAL INSTITUTIONS (E.G. THE EC COMMISSION AND THE OECD) AND THE IMF/IBRD. IT IS BECOMING MORE DIFFICULT TO RECRUIT TOP-FLIGHT EUROPEAN FINANCIAL TALENT TO GO TO WASHINGTON--AND THE GOB AS WELL AS OTHER WESTERN EUROPEAN GOVERNMENTS IS CONCERNED THAT IF SALARY TRENDS OF RECENT YEARS CONTINUE, THERE WILL BE RELATIVELY FEW EUROPEANS ON THE IMF/IBRD STAFFS. SECONDLY, VAN YPERSELE SAID HE BELIEVES THAT THE WEAKENING DOLLAR FURTHER JEOPARDIZES COMPENSATION OF EUROPEAN STAFF MEMBERS, SINCE THEY HAVE CONTINUING EXPENSES HERE (E.G. FAMILY MAINTENANCE, VACATIONS, INVESTMENTS) EVEN WHILE LIVING IN THE U.S.

4. BELGIUM WAS PERSUADED TO SUPPORT US ON THIS ISSUE LAST YEAR, VAN YPERSELE RECALLED, BECAUSE THE QUESTION WAS RATHER ONE OF INCREASING EXECUTIVE DIRECTORS' SALARIES RELATIVE TO THAT OF STAFF. THIS YEAR, WHEN THE ISSUE IS THE LEVEL OF STAFF SALARIES THEMSELVES, HE SAID BELGIUM HAS TO REGARD THE PROBLEM IN A DIFFERENT LIGHT.
CHAMBERS

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